

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

In re:

EXTRACTION OIL & GAS, INC., *et al.*,

Debtors.

CHAPTER 11
BANKR. No. 20-11548 (CSS)
(JOINTLY ADMINISTERED)

FEDERAL ENERGY REGULATORY
COMMISSION,

Appellant,

v.

EXTRACTION OIL & GAS, INC.,

Appellee.

Civ. No. 20-1412-CFC
Civ. No. 20-1506-CFC
Civ. No. 20-1564-CFC
Civ. No. 21-0012-CFC

BANKRUPTCY BAP No. 20-44
BANKRUPTCY BAP No. 20-52
BANKRUPTCY BAP No. 20-56
BANKRUPTCY BAP No. 21-01

**JOINT STATUS REPORT OF THE FEDERAL ENERGY REGULATORY
COMMISSION AND EXTRACTION OIL AND GAS, INC.**

The Federal Energy Regulatory Commission (“FERC” or the “Commission”) and Extraction Oil and Gas, Inc. (“Extraction”) respectfully submit this status report in response to the Court’s January 13, 2021 Order re Status Report¹ directing the Commission to confer with Extraction regarding (1) consolidation of the Commission’s four appeals, and (2) whether Civ. No. 21-12-CFC may be considered to be within the scope of the Commission’s and Grand Mesa Pipeline, LLC’s (“Grand Mesa”) December 11, 2020 Joint Motion for Certification of a Direct

¹ *FERC v. Extraction Oil & Gas, Inc.*, 1:20-cv-1412-CFC, Doc. No. 19; *FERC v. Extraction Oil & Gas, Inc.*, 1:20-cv-1506-CFC, Doc. No. 17; *FERC v. Extraction Oil & Gas, Inc.*, 1:20-cv-1564-CFC, Doc. No. 19; *FERC v. Extraction Oil & Gas, Inc.*, 1:21-cv-0012-CFC, Doc. No. 11. In this pleading, D.I. citations reference docket numbers in the underlying bankruptcy proceeding. Doc. No. citations reference docket numbers in this Court.

Appeal of Bankruptcy Court Orders to the United States Court of Appeals for the Third Circuit (“Motion for Certification”).²

BACKGROUND

On June 14, 2020, Extraction and certain of its affiliates (the “Debtors”)³ filed petitions under Chapter 11 of the Bankruptcy Code. (D.I. 1). On September 17, 2020, the Commission filed a Statement in Support of the Motion of Grand Mesa, for an Order Confirming that the Automatic Stay Does Not Apply or, in the Alternative, for Relief from the Automatic Stay. (D.I. 653). On October 14, 2020, the Bankruptcy Court entered a Bench Ruling preventing Grand Mesa from seeking the Commission’s consideration of the public interest impacts of rejecting a jurisdictional contract, (D.I. 831) (“Order Denying the Lift-Stay Motion”), and then granted Debtor’s motions for summary judgment against various counterparties. (D.I. 832-34). On November 2, 2020, the Bankruptcy Court entered a Bench Ruling granting the Debtor’s Motions to Reject. (D.I. 942). On November 10, 2020, the Bankruptcy Court issued an Order Granting Motions to Reject Certain Executory Contracts related to FERC-jurisdictional Transportation Services Agreements (“TSA”). (D.I. 1038). On December 11, 2020, the Commission filed an Objection to Confirmation of the Debtors’ Joint Chapter 11 Plan of Reorganization. (D.I. 1310). On December 23, 2020, the Bankruptcy Court entered its Findings of Fact, Conclusions of Law, and Order Confirming the Sixth Amended Joint Plan of Reorganization of Extraction Oil & Gas,

² *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1412, Doc. No. 13; *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1506, Doc. No. 11; *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1564, Doc. No. 13.

³ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Extraction Oil & Gas, Inc. (3923); 7N, LLC (4912); 8 North, LLC (0904); Axis Exploration, LLC (8170); Extraction Finance Corp. (7117); Mountaintop Minerals, LLC (7256); Northwest Corridor Holdings, LLC (9353); Table Mountain Resources, LLC (5070); XOG Services, LLC (6915); and XTR Midstream, LLC (5624). The location of the Debtors’ principal place of business is 370 17th Street, Suite 5300, Denver, Colorado 80202.

Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code. (D.I. 1509) (“Order Confirming the Plan”).

Grand Mesa filed notices of appeal on October 21, 2020, (D.I. 864), and November 11, 2020, (D.I. 1048). The Commission filed notices of appeal on October 21, 2020, November 6, 2020, November 20, 2020, and January 5, 2021. (D.I. 816, 1016, 1138, 1587). The Commission filed notices of appeal for the Bankruptcy Court’s October 14, 2020 Order Denying the Lift-Stay Motion, (D.I. 816), the Bankruptcy Court’s November 2, 2020 Bench Ruling, (D.I. 1016), the Bankruptcy Court’s November 10, 2020 Order Granting Motions to Reject Certain Executory Contracts, (D.I. 1138), and the Bankruptcy Court’s December 23, 2020, Order Confirming the Plan, (D.I. 1587). These appeals resulted in Civ. No. 20-1412-CFC, Civ. No. 20-1506-CFC; Civ. No. 20-1564-CFC, and Civ. No. 21-0012-CFC, respectively.

On December 7, 2020, the Commission and then-Appellant Grand Mesa jointly requested that this Court consolidate their respective appeals relating to the rejection of the TSAs.⁴ On December 11, 2020, the Commission and then-Appellant Grand Mesa jointly requested certification of a direct appeal to the United States Court of Appeals for the Third Circuit.⁵ On January 8, 2021, Grand Mesa and the Appellee filed a Joint Stipulation of Voluntary Dismissal, dismissing Grand Mesa’s appeals.⁶

⁴ *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1412, Doc. No. 12; *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1506, Doc. No. 10; *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1564, Doc. No. 12.

⁵ *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1412, Doc. No. 13; *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1506, Doc. No. 11; *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1564, Doc. No. 13.

⁶ *Grand Mesa Pipeline, LLC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1411, Doc. No. 28; *Grand Mesa Pipeline, LLC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1521, Doc. No. 27.

On January 4, 2021, this Court issued an Oral Order directing FERC to submit a status report. On January 11, 2021, the Commission filed a Status Report, Renewed Motion for Certification, and Renewed Motion for Consolidation in its four appeals before this Court.⁷ On January 13, 2021, this Court issued an Order re Status Report directing the Commission to review the relevant settlement agreements and then either submit a second status report confirming the Commission's intent to prosecute two of its appeals, Civ. No. 20-1506-CFC and Civ. No. 20-1564-CFC, or dismiss them.⁸ On January 19, 2021, Commission staff gained access to the settlement term sheets which are subject to a non-disclosure agreement with Extraction. On January 26, 2021, the Commission filed a Status Report informing this Court of the Commission's intent to prosecute two of its appeals, Civ. No. 20-1506-CFC and Civ. No. 20-1564-CFC.

On February 2, 2021, the Commission received a response from Extraction regarding consolidation of the Commission's four appeals. On February 9, 2021, the parties concluded their conference regarding whether the appeal pending at Civ. No. 21-12-CFC may be considered within the scope of the relief requested in the Commission's December 11, 2020 Motion for Certification.

STATUS REPORT

Extraction does not oppose consolidation of the Commission's four appeals for the procedural purposes of a single briefing schedule, a single set of briefing, and a single decision in this Court. *See* Civ. No. 20-1412-CFC; Civ. No. 20-1506-CFC; Civ. No. 20-1564-CFC; Civ. No. 21-12-CFC.

⁷ *FERC v. Extraction Oil & Gas, Inc.*, 1:20-cv-1412-CFC, Doc. No. 18; *FERC v. Extraction Oil & Gas, Inc.*, 1:20-cv-1506-CFC, Doc. No. 16; *FERC v. Extraction Oil & Gas, Inc.*, 1:20-cv-1564-CFC, Doc. No. 18; *FERC v. Extraction Oil & Gas, Inc.*, 1:21-cv-0012-CFC, Doc. No. 10.

⁸ *FERC v. Extraction Oil & Gas, Inc.*, 1:20-cv-1412-CFC, Doc. No. 19; *FERC v. Extraction Oil & Gas, Inc.*, 1:20-cv-1506-CFC, Doc. No. 17; *FERC v. Extraction Oil & Gas, Inc.*, 1:20-cv-1564-CFC, Doc. No. 19; *FERC v. Extraction Oil & Gas, Inc.*, 1:21-cv-0012-CFC, Doc. No. 11.

Extraction agrees that the appeal pending at Civ. No. 21-12-CFC may be considered within the scope of the relief requested in the Commission's pending Motion for Certification.⁹ However, Extraction continues to oppose certification of the Commission's appeals for the reasons stated in its response to that motion (which remain in force notwithstanding the dismissal of Grand Mesa's appeals, the addition of another FERC appeal, or the consolidation for procedural purposes of FERC's appeals), and it reserves the right to respond to any "Amended Motion for Certification" contemplated by the Commission, including on the grounds that this Court's January 13, 2021, order does not authorize such a filing given the parties' agreement that Civ. No. 21-12-CFC may be considered within the scope of the relief requested in the pending motion for certification.¹⁰

The Commission also agrees that the appeal pending at Civ. No. 21-12-CFC may be considered within the scope of the relief requested in the Commission's pending Motion for Certification¹¹ insofar as the Commission continues to request certification of a direct appeal to the United States Court of Appeals for the Third Circuit and the Commission's substantive legal arguments for certification continue to apply. However, the Commission does not agree that the appeal pending at Civ. No. 21-12-CFC may be considered within the scope of the relief requested insofar as the questions presented do not conform to that appeal. Accordingly, the

⁹ *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1412, Doc. No. 13; *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1506, Doc. No. 11; *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1564, Doc. No. 13.

¹⁰ *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1412, Doc. No. 16; *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1506, Doc. No. 14; *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1564, Doc. No. 16.

¹¹ *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1412, Doc. No. 16; *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1506, Doc. No. 14; *FERC v. Extraction Oil & Gas, Inc.*, No. 20-cv-1564, Doc. No. 16.

Commission intends to submit an Amended Motion for Certification by February 23, 2021, as directed by this Court's January 13, 2021 Order re Status Report.¹²

Dated: February 9, 2021

Jointly submitted,

/s/ George W. Hicks, Jr.
George W. Hicks, Jr.
DC Bar No. 499223
Kirkland & Ellis LLP
1301 Pennsylvania Ave. NW
Washington, DC 20004
Telephone: 202-389-5000
Email: george.hicks@kirkland.com
*Counsel for Appellee,
Extraction Oil & Gas, Inc.*

/s/ Daniel Mitchell Vinnik
Daniel Mitchell Vinnik
DC Bar No. 1672729
888 First Street NE
Washington, DC 20426
Telephone: 202-502-6460
Email: daniel.vinnik@ferc.gov
*Counsel for Appellant,
Federal Energy Regulatory Commission*

¹² *FERC v. Extraction Oil & Gas, Inc.*, 1:20-cv-1412-CFC, Doc. No. 19; *FERC v. Extraction Oil & Gas, Inc.*, 1:20-cv-1506-CFC, Doc. No. 17; *FERC v. Extraction Oil & Gas, Inc.*, 1:20-cv-1564-CFC, Doc. No. 19; *FERC v. Extraction Oil & Gas, Inc.*, 1:21-cv-0012-CFC, Doc. No. 11.